



ADVANCED MICRO DEVICES INC. FY 2025

Earnings Report Update

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Company Overview

Advanced Micro Devices, Inc. is a global semiconductor company focused on high-performance computing and graphics solutions. Its core businesses span data center processors and AI accelerators, client and gaming CPUs and GPUs, and embedded and adaptive computing products, serving cloud providers, OEMs, and enterprise customers worldwide.

GUIDANCE

For the first quarter of 2026, AMD expects revenue to be approximately \$9.8 billion, plus or minus \$300 million, including approximately \$100 million of AMD Instinct MI308 sales to China.

“

2025 was a defining year for AMD, with record revenue and earnings driven by strong execution and broad-based demand for our high-performance and AI platforms,” said Dr. Lisa Su, AMD chair and CEO. “We are entering 2026 with strong momentum across our business, led by accelerating adoption of our high-performance EPYC and Ryzen CPUs and the rapid scaling of our data center AI franchise.

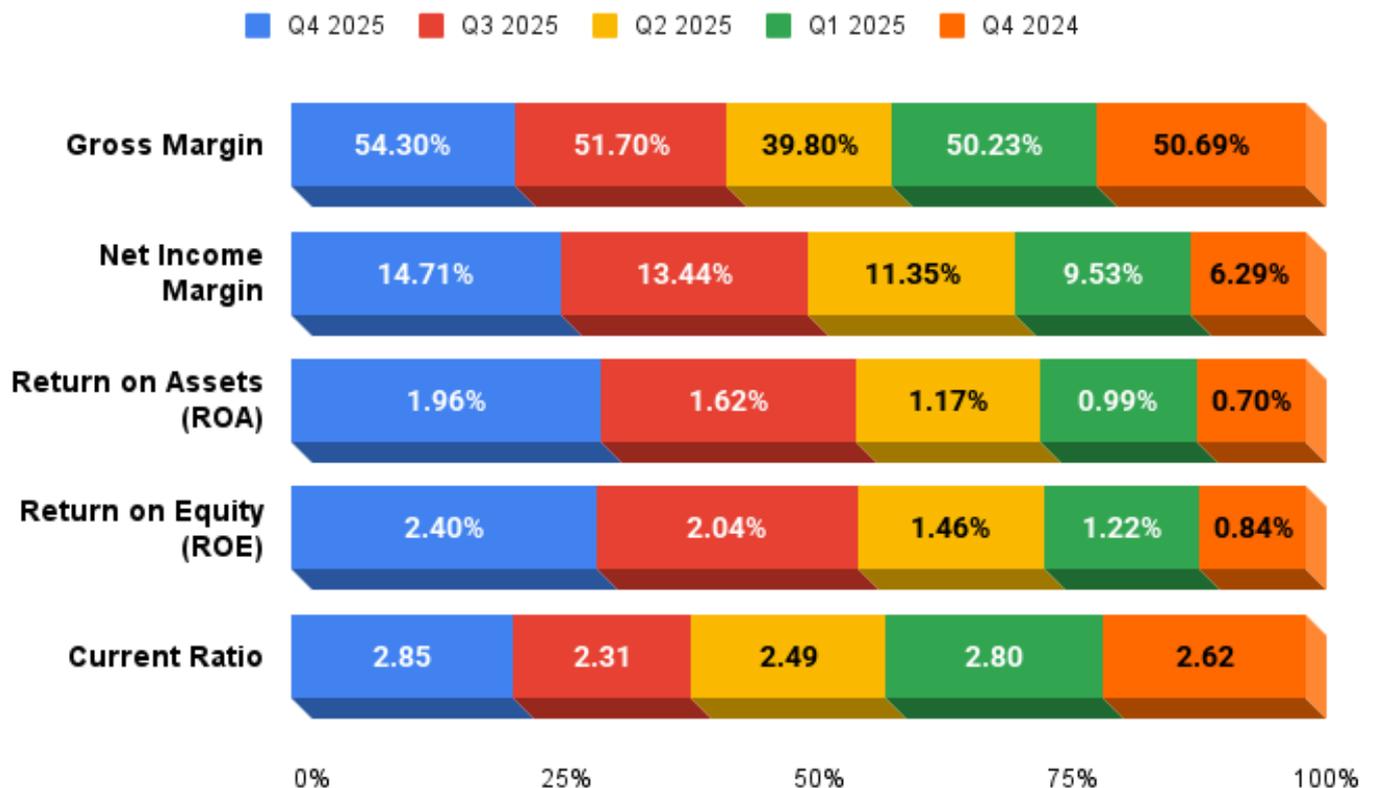
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CEO's Commentary

Expectation Analysis

| USD (\$) | Q4 2025 | ESTIMATE | BEAT/MISS |
|----------------|---------|----------|-----------|
| REVENUE | 10.30B | 9.67B | 6.20% |
| EBITDA | 2.50B | 2.39B | 4.60% |
| EBIT | 2.85B | 2.44B | 16.80% |
| EPS (adjusted) | 1.53 | 1.32 | 16.00% |

Margin and Efficiency Analysis



| Revenue/Profitability Summary | | | | |
|---|----------------|-----------|----------|--------|
| Million USD(\$), except EPS | FY 2025 | Q4 2025 | YOY | |
| Revenue | 34,639.00 | 10,270.00 | 34.34% | |
| Gross Profit | 17,152.00 | 5,577.00 | 34.79% | |
| Operating income (loss) | 3,694.00 | 1,752.00 | 94.42% | |
| Income before taxes | 4,140.00 | 2,074.00 | 108.14% | |
| Net income | 4,335.00 | 1,511.00 | 164.17% | |
| Earnings per share (EPS) | 2.65 | 0.92 | 165.00% | |
| Cost/Expenses Summary | | | | |
| Millions USD(\$) | FY 2025 | Q4 2025 | YOY | |
| Cost of sales | 16,456.00 | 4,433.00 | 35.84% | |
| Research and development | 8,091.00 | 2,330.00 | 25.33% | |
| Marketing, general and administrative | 4,144.00 | 1,198.00 | 51.52% | |
| Amortization of acquisition-related intangibles | 1,223.00 | 297.00 | -15.54% | |
| Provision for (benefit from) income taxes | -103.00 | 455.00 | -127.03% | |
| Cash Flow Summary | | | | |
| Millions USD(\$) | FY 2025 | Q4 2025 | YOY | |
| Net cash from operations | 7,709.00 | 2,600.00 | 153.50% | |
| Net cash from investing | -5,533.00 | -1,541.00 | -402.54% | |
| Net cash from financing | -431.00 | -328.00 | 79.10% | |
| Cash balance | 5,556.00 | 5,556.00 | 45.79% | |
| Segment Performance | | | | |
| Millions USD(\$) | FY 2025 | % Revenue | QOQ | YOY |
| Data Center | 16,635.00 | 48.02% | 23.93% | 32.24% |
| Client | 10,640.00 | 30.72% | 12.62% | 50.84% |
| Gaming | 3,910.00 | 11.29% | -35.05% | 50.67% |
| Embedded Segment | 3,454.00 | 9.97% | 10.85% | -2.90% |
| Key Items of Financial Position Summary | | | | |
| Millions USD(\$) | 27th Dec. 2025 | QOQ | YOY | |
| Current assets | 26,947.00 | -0.20% | 41.46% | |
| Non-current assets | 49,979.00 | 0.18% | -0.39% | |
| Total assets | 76,926.00 | 0.05% | 11.12% | |
| Current liabilities | 9,455.00 | -19.19% | 29.86% | |
| Non-current liabilities | 4,472.00 | 1.61% | 2.17% | |
| Total liabilities | 13,927.00 | -13.50% | 19.46% | |
| Total equities | 62,999.00 | 3.63% | 9.43% | |

Performance Highlights

- AMD delivered record Q4 2025 revenue of \$10.27 billion, up 34% year-on-year and 11% quarter-on-quarter, driven by strong demand for data-center processors, accelerating AI GPU shipments, and sustained client PC refresh cycles, reflecting successful product mix optimization and expanding hyperscaler adoption of EPYC and Instinct platforms. For full-year 2025, revenue increased 34% to a record \$34.64 billion, supported by broad-based strength across the Data Center and Client segments.
- Gross profitability strengthened meaningfully in Q4, with GAAP gross margin expanding to 54%, up 3 percentage points year-on-year and 2 points sequentially. Margin improvement was driven by richer product mix, higher data-center contribution, and scale efficiencies, partially offset by export-control related inventory adjustments.
- Operating income surged 101% year-on-year in Q4 to \$1.75 billion, while operating margin expanded to 17% from 11%. The increase was primarily attributable to revenue scale, disciplined expense growth relative to sales, and stronger contribution from higher-margin AI and server products.
- Net income advanced 213% year-on-year in Q4 to \$1.51 billion, with diluted EPS rising 217% to \$0.92. Earnings acceleration was driven by operating leverage, improved gross margins, and lower restructuring drag compared with the prior year, signaling enhanced bottom-line conversion efficiency.
- Segmentally, Data Center revenue reached a quarterly record \$5.4 billion, up 39% year-on-year, driven by accelerating adoption of EPYC CPUs and continued ramp of Instinct GPUs. Full-year Data Center revenue grew 32% to \$16.6 billion, confirming AMD's strengthening competitive position in AI and cloud infrastructure markets
- The Client and Gaming segment delivered Q4 revenue growth of 37% year-on-year to \$3.9 billion. Client revenue rose 34% on strong Ryzen processor demand and notebook refresh cycles, while Gaming increased 50% due to higher semi-custom sales and Radeon GPU demand, highlighting diversified consumer and console strength.
- Embedded segment revenue increased modestly by 3% year-on-year in Q4 to \$950 million, reflecting gradual demand normalization across industrial and communications end-markets. However, full-year Embedded revenue declined 3%.
- Cash generation remained robust, with full-year free cash flow rising to \$5.52 billion from \$2.41 billion, a 129% increase, supported by higher operating income and working-capital efficiency. Cash, cash equivalents, and short-term investments more than doubled year-on-year to \$10.55 billion, strengthening liquidity and strategic investment capacity.

Concerns Raised

- A notable risk stems from export-control restrictions affecting high-end AI GPU sales to China, which resulted in approximately \$440 million in inventory-related charges during the year. Continued geopolitical or regulatory tightening could constrain future data-center revenue growth and margin expansion.
- Operating expenses grew 24% year-on-year on a GAAP basis and 36% on a non-GAAP basis, outpacing some margin gains. Sustained R&D and ecosystem investment, while strategically necessary, may compress operating leverage if revenue growth moderates in subsequent quarters.
- Embedded segment contraction of 3% for the full year highlights sensitivity to industrial demand cycles and customer inventory adjustments. Prolonged weakness in these end-markets could dilute segment diversification benefits and increase reliance on data-center-led growth.
- Sequential Q1 2026 revenue guidance implies an approximate 5% quarter-on-quarter decline despite strong year-on-year growth expectations. This signals potential near-term demand normalization and revenue volatility linked to product timing, AI shipment cycles, and policy-driven regional sales fluctuations.

OUR INSIGHT

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AMD's 2025 performance reflects strong structural momentum, driven by accelerating AI and data-center demand, expanding margins, and significant earnings and free-cash-flow growth, underscoring improving operating leverage and balance-sheet strength. Long-term investment prospects remain favorable given sustained hyperscaler adoption, product leadership, and scalable cash generation. Key watch-outs include export-control exposure to China, rising operating expenses, embedded-segment cyclicity, and potential near-term revenue volatility from shipment timing and AI demand normalization.

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